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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/23

24 December 1956

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
4 - 20 December 1956

The most significant features of the Sino-Soviet Bloc effort to expand economic relations with the Free World during the period 4 - 20 December 1956 were (1) the disclosure that the \$126-million Soviet credit accepted by India in November could not be drawn upon until 1959 and (2) the signing, by Indonesia, of renegotiated trade agreements with Czechoslovakia, Rumania, and East Germany.

The time limitation on the Soviet credit to India, attached by the USSR as an original condition to the agreement, is not considered to be an indication that the USSR has approached the limit of its capacity to support its foreign economic program.

The three trade agreements renegotiated by Indonesia with Czechoslovakia, Rumania, and East Germany conform to the Indonesian decision to demand the elimination of payment clearance arrangements and to require current settlement in transferable currency -- specifically sterling.

Other significant features of the Sino-Soviet Bloc economic drive include the following:

1. A coordinated Sino-Soviet Bloc research program is now under way to adapt Bloc electrical equipment to tropical conditions which may thereby increase its marketability in underdeveloped areas.

2. A survey of trade between Argentina and Uruguay and the Sino-Soviet Bloc shows that these two countries have cut back on trade with the Bloc during 1956. This decline in trade results in part from their deliberate attempt to keep current trade with the Bloc in balance.

3. On the other hand, Soviet Bloc exhibits at trade fairs in Colombia and Uruguay during November and December attracted considerable attention, and substantial orders for goods are reported to have been received by Czechoslovakia.

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CONTENTS

	<u>Page</u>
I. Sino-Soviet Bloc (Adaptation of Bloc Electrical Equipment for the Tropics)	1
II. South Asia	2
A. New Soviet Credit to India Not Usable Until 1959	2
B. Status of Soviet Bloc Projects in Afghanistan . .	2
III. Far East	3
A. Renewal of Indonesian Trade Agreements with the Satellites	3
B. Clearing Agreement Between the Soviet Bloc and Burma	4
C. Proposal of Additional Projects for the Chinese Communist Aid Program in Cambodia	5
IV. Latin America	6
A. Limitations on Bloc Trade by Argentina and Uruguay	6
1. Argentina	6
2. Uruguay	6
B. Bloc Participation in Latin American Trade Fairs	7

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Next 8 Page(s) In Document Exempt

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